

APPENDIX II
Contributions from Other Donors
Section 2207 Report to Congress
January 2008

International Donor Performance Update

At least \$6.45 billion of the \$8.03 billion pledged by countries and the European Commission at the Madrid conference in 2003 had been committed to specific projects or technical or humanitarian assistance as of the end of November. At the Madrid conference, individual countries pledged \$7.797 billion (including Japan's offer of \$3.5 billion in concessionary loans) and the European Commission pledged \$235 million. An additional \$5.55 billion represented lower-end estimates of the amounts that the IMF and World Bank could be capable of providing over the course of their long term relationships with post-liberation Iraq, for a total in pledges from donors other than the United States of \$13.58 billion in grants, loans, and other forms of direct assistance.

The most recent activity includes: agreements by a formal exchange of notes between Japan and Iraq for Iraq to borrow up to \$2.1 billion in soft loans for major reconstruction projects; a cooperation agreement between Italy and Iraq laying foundations for Italy to provide \$144 million in soft loans; and a memorandum of understanding between Kuwait and Iraq under which Kuwait will provide \$60 million for humanitarian assistance in Iraq.

In addition to Madrid pledges, a number of countries made new pledges to help Iraq at Sharm El-Sheikh, Egypt, at the launching of the International Compact with Iraq (ICI or Compact) in May 2007. These pledges included, among others, soft loans from Iran and South Korea (for \$1.0 billion and \$200 million, respectively) and grants or technical assistance from the United Kingdom (\$380 million), the European Commission (\$270 million), Denmark (\$35 million), Australia (\$23 million), Spain (\$22 million), and China (\$6.5 million).

Several donors have committed assistance in excess of their Madrid pledges, most notably the European Commission (with commitments for reconstruction and humanitarian relief of nearly \$1.2 billion, compared to its Madrid pledge of \$235 million), and the United Kingdom (\$760 million committed versus \$452 million pledged at Madrid). The amounts committed by Australia, Norway, the Netherlands, and New Zealand also exceed their Madrid pledges.

The International Reconstruction Fund Facility for Iraq (IRFFI) has been one of the principal vehicles for delivering international donor assistance to Iraq. The IRFFI is a multilateral mechanism made up of two Iraq Trust Funds, one managed by the United Nations Development Group and the other by the World Bank. There are currently nearly 200 IRFFI projects (178 UN, 16 World Bank) completed or underway. Current donor commitments to the UN and World Bank IRFFI trust funds total approximately \$1.766 billion (\$1.299 billion to the UN trust fund and \$467 million to the World Bank

trust fund), of which donors had deposited a total of \$1.715 billion as of the end of November. The European Union has provided more than 60 percent of the IRFFI's total content. In 2007, the IRFFI received \$176 million in additional contributions from Denmark, Australia, Korea, Canada, Turkey, and Spain.

International Cooperation for the Reconstruction of Iraq

The United States and Iraq's other international partners have remained strongly supportive of the Compact's effective implementation. The ICI Secretariat published its first semi-annual ICI Progress Report in July, pointing to initial progress made by the Iraqi government in more than two-thirds of the more than 400 specific ICI benchmarks for 2007 and 2008. In the area of public financial management, for example, Iraq's ministries and provinces worked with the World Bank to complete a full Public Expenditures and Institutions Review that aims to bring modern best practices and accountability to Iraqi fiscal and financial affairs. Progress was also reported in reducing subsidies, particularly for fuel, and extending the means-tested Social Safety Net that provides relief to the poorest Iraqis as subsidies are reduced.

A full meeting of the international Donors Committee that oversees the IRFFI was held in Bari, Italy on October 29. The Committee made revisions to the Terms of Reference to ensure that IRFFI activities are aligned with and supportive of Iraq achieving its goals under the International Compact with Iraq. It also decided to hold meetings of the Iraq Consultative Group (ICG) concurrent with IRFFI Donors Committee Meetings. The ICG is responsible for providing international oversight for the implementation of the ICI and is made up of Iraq's international ICI partners.

Iraqi Prime Minister Maliki and UN Special Representative of the Secretary General De Mistura co-chaired an interim meeting for ICI donors in Baghdad on December 10. Representatives of all the major donor countries were in attendance, in addition to the UN and World Bank. The GoI reported good progress in standing up the mechanisms required to implement the Compact's reform benchmarks, including an ICI Secretariat, an Executive Committee, and Thematic Working Groups. Donors will work closely with these structures to support the GoI's reform program.

Debt Reduction

Reducing Iraq's external debt burden to sustainable levels is a top priority for Iraq's economic development and a key focus of U.S. donor coordination. In November 2004, the Paris Club group of creditors, the members of which hold approximately \$40 billion in Iraqi debt, agreed to reduce this sum by 80 percent in three phases. As of December 2006, 17 of 18 Paris Club signatories of that agreement had signed bilateral debt agreements with Iraq. Russia, which is owed roughly \$6 billion, is the only remaining Paris Club signatory not to have signed a bilateral debt agreement with Iraq, but its government has indicated that it may be ready to take this step later this year. The United States went beyond Paris Club terms and forgave 100 percent of the \$4.1 billion in U.S.-held Iraqi debt.

In total, more than \$36.5 billion in Iraqi debt to official creditors has been forgiven on terms equivalent to the Paris Club or better. Non-Paris Club members have agreed to forgive about \$8.8 billion. This includes, most recently, Bulgaria, which in November agreed to cancel about \$3.5 billion in Iraqi debt in return for a cash payment of \$360 million. This comes in addition to the agreement of Paris Club members (excluding Russia) to cancel \$30.3 billion.

The United States continues to encourage non-Paris Club countries to provide debt reduction to Iraq on terms at least comparable to those offered by the Paris Club. At the launching of the International Compact with Iraq in May 2007, several additional non-Paris Club countries indicated that they were prepared to work to reduce Iraqi debts, including Greece, Bulgaria, China, and Saudi Arabia. Iraq has sent technical teams to these countries in order to determine the precise amounts to be canceled. Estimates of the additional debt relief that would come from these countries exceed \$25 billion. As mentioned above, Iraq and Bulgaria reached a debt reduction agreement and China reportedly is ready to cancel Iraqi debt estimated at more than \$6 billion.

In addition to securing significant reduction of its official debt, Iraq has completed a debt exchange with most of its commercial creditors on terms comparable to the Paris Club deal. All of the large commercial creditors who received an offer from Iraq accepted the offer. Iraq offered smaller creditors cash for debt, rather than new debt. Altogether, the overwhelming majority of commercial claimants accounting for \$20 billion in Iraqi debt have accepted Iraq's offer for debt reduction amounting to \$16 billion.

Donor Assistance Database (DAD)

With help from UNDP and the EU, Iraq's Ministry of Planning and Development Cooperation is developing a computerized Donor Assistance Database (DAD). The purpose of the DAD is to monitor, analyze, and prioritize aid rendered to Iraq by the international donor community, creating a credible and reliable source of information on overall aid received and expended in Iraq. Raw data recording donor commitments and disbursements is still being entered into the database, but as of the end of June 2007 the DAD had recorded \$3.36 billion in donor commitments and \$2.18 billion in disbursements (excluding the United States).

Updates on Major Donors

Japan

Japan has pledged and disbursed more assistance to Iraq than any other individual country except the United States. At Madrid, Japan pledged a total of \$5 billion for Iraq reconstruction assistance, including \$1.5 billion for grant aid and up to \$3.5 billion in yen-denominated concessional loans. By May 2005, Japan had entirely obligated the \$1.5 billion in grant aid to meet urgent Iraqi needs in areas such as electricity, water and sanitation, health, education, infrastructure, employment, and security.

Japan has deposited a total of \$491 million with the IRFFI (\$361 million in the UN fund and \$130 million in the World Bank fund), as well as \$10 million with the International Finance Corporation's (IFC) Small Business Financing Facility. In addition, Japan has disbursed \$221 million directly to international organizations to implement projects such as restoration of water and sewage systems, garbage collection, and sanitation. The balance of Japan's disbursements, \$943 million, has been in direct bilateral projects or channeled through Iraqi institutions and NGOs for implementation.

The major Japanese contributions (in grants) include:

- Electricity: Rehabilitation of three electrical power stations (Taji Gas Turbine, Mosul Gas Turbine, Mosul Hydroelectric), construction of a diesel power station and provision of generators in Al Samawa, rehabilitation of the National Dispatch Center, and provision of 23 mobile electricity substations.
- Water and Sanitation: Provision of 38 water tankers, 311 water tanks, and six water treatment units in Muthana Governorate. Provision of 19 compact water treatment units in Baghdad, and rehabilitation of water and sewage facilities in schools in Baghdad and Ninawa.
- Health: Procurement of 700 ambulances nationwide. Grant assistance for Japanese NGO projects for the Al Samawa Maternity and Children's Hospital for medical equipment including infant incubators, phototherapy units and electrocardiographs. Medical supplies and equipment were also provided to the Al Samawa General Hospital, Al Rumaitha Hospital, and Al-Khidhir Hospital, and to 32 primary health centers in the Muthana Governorate. Rehabilitation and equipment was provided to four general hospitals in Southern Iraq (Nassriya, Najaf, Diwaniya, and Al Samawa), four in northern Iraq (Kirkuk, Erbil, Mosul, and Dahuk), and three in central Iraq (Baghdad, Amara, and Kut).
- Roads and Bridges: The repair of roads between Al Khidhir and Darraji and between Mahdi and Sawa and other roads in Muthana province as well as the provision of construction equipment to restore damaged roads and bridges in the province. Rehabilitation of 90 kilometers of roads in Muthana province.
- Education and Culture: Contributions to UNESCO for its efforts to build capacity at the Ministry of Education and repair the Iraqi National Museum's restoration laboratory. Through UN HABITAT, assistance for rehabilitation of about 200 schools in Basrah, Al Samawa, and Kirkuk.
- Security: Donation of 1,150 police vehicles, 150 police buses, 1,080 police motorcycles, and 20 armored vehicles. Donation of 78 fire trucks to Baghdad, Basrah, and Muthana.

- Capacity Building: Training of around 2,000 Iraqis, including officials from different ministries, election and museum officials, hospital directors, medical staff, Al-Muthanna television station staff and engineers, statisticians, and technicians in the fields of electricity, water, and agriculture.

At present, Japan is focusing on the preparation of soft loans totaling up to \$3.5 billion, mainly for infrastructure rehabilitation projects in the energy and other key sectors. The Exchanges of Notes for ten Japanese Official Development Assistance loan projects (up to \$2.1 billion) were signed in July 2007. These highly concessionary loans will help Iraq recover its industrial strength and provide necessary services such as electricity. The ten projects are:

- Umm Qasr Port Sector Rehabilitation Project (\$259 million): to dredge the port and surrounding shipping lanes, remove wrecked ships, and rehabilitate the port facilities as well as to provide equipment and materials such as dredgers and other items. This project aims to reconstruct the Port of Umm Qasr as a transportation and distribution network hub;
- Irrigation Sector Loan (\$81 million): to provide irrigation drainage pumps and equipment and materials for maintaining the operation of irrigation channels in some sites where agriculture is important, including in Muthana Governorate. This loan aims to improve agricultural production and employment in Iraq;
- Al Musayab Thermal Power Plant Rehabilitation Project (\$315 million): to rehabilitate the existing Al Musayab thermal power plant (units 1 and 3), located in the Baghdad suburbs. This project aims to improve the power supply;
- Al Samawa Bridges and Roads Construction Project (\$28 million): to construct a new bridge (Al Samawa North Bridge), rebuild provisional bridges (Mahdi Bridge and Hillal Bridge) to cross over the Euphrates, and construct their connecting roads in Al Samawa and its vicinity;
- Engineering Services for Basrah Refinery Upgrading Project (\$20 million): to increase yield of oil products for consumers by constructing a new plant in the existing Basrah Refinery. This loan is intended for engineering services for the design and construction of the new plant;
- Khor Al Zubair Fertilizer Plant Rehabilitation Project (\$160 million): to supply urgently needed machinery for the factory to improve its production capacity and Iraq's agricultural productivity;
- Crude Oil Export Facility Reconstruction Project (\$447 million): to construct an on-shore/off-shore pipeline to export oil from a storage facility in Al Faw in southern Iraq and to install off-shore loading facilities to increase export capacity;

- Electricity Sector Reconstruction Project (\$291 million): to provide machinery and materials for high priority power supply and distribution systems;
- Basrah Water Supply Improvement Project (\$370 million): to improve water supply facilities such as water treatment plants, transmission lines, and distribution networks in Basrah and Hartha City; and
- Electricity Sector Reconstruction Project in the Kurdistan Region (\$130 million): to provide machinery and materials for reconstruction projects targeting high priority power supply and distribution systems in the Kurdistan region.

Moreover, based on the Paris Club agreement concerning the treatment of Iraq's debt, the Government of Japan and the Government of Iraq agreed upon the details of the conditions for debt relief. Notes to this effect were exchanged on November 24, 2005, in Tokyo between both Ministers for Foreign Affairs. The debt will be cancelled by 80 percent in three stages, which amounts to a reduction of approximately \$6 billion.

On February 23, 2007, Japan decided to extend emergency grant aid totaling \$104.5 million, apart from the \$1.5 billion grant aid pledged at Madrid. This decision reflects Japan's resolution to support the newly established Iraqi Government's nation-building efforts, including the formulation and implementation of the International Compact with Iraq. This assistance covers such categories as Basic Human Needs (health, displaced persons, and food assistance), Security (capacity building of police and agencies engaged in border control, socio-economic reintegration of veterans and militias), and Capacity Building in Muthana Governorate.

On November 6, 2007, Japan decided to extend emergency grant aid of about \$5.18 million for humanitarian assistance to Iraqi refugees and internally displaced persons in Iraq. The aid consisted of \$1.18 million dollars to internally displaced persons in Iraq through the International Committee of the Red Cross (ICRC) and about \$4 million to Iraqi refugees in Syria and Jordan through the United Nations High Commissioner for Refugees (UNHCR).

The United Kingdom

At Madrid, the United Kingdom (UK) pledged £296 million (\$452 million) for the Iraq reconstruction effort for 2004 through 2006. This was included in the UK's total pledge of £544 million (\$920 million), which included both the UK's previously announced assistance for the humanitarian effort and its assessed portion of the European Commission's assistance. At Sharm el-Sheikh in May 2007, the UK pledged an additional £200 million (\$380 million) in assistance, which increases its total pledge to £744 million (\$1.3 billion).

The UK is one of the first major donors to fully disburse its Madrid pledge. Since 2003, the UK has disbursed £203 million (\$396 million) for projects in support of reconstruction in southern Iraq, governance and economic capacity building, the justice

sector, independent media, and civil society; and more than £125 million (\$240 million) towards emergency humanitarian assistance. The UK's Department for International Development (DFID) is responsible for these projects. The UK also deposited \$127 million in the IRFFI, including \$71 million to the World Bank Iraq Trust Fund and \$56 million to the UN Iraq Trust Fund.

The DFID program in 2006 and 2007 was entirely bilateral and focused on economic reform; infrastructure (improving power and water services in the south); governance and institutional building in Baghdad and in the south; and support for civil society and political participation. This assistance will help the Iraqi government, at the provincial and national levels, to plan and deliver investments in basic services (electricity, hospitals, etc.) and improve oil production while generating jobs and managing its own resources more effectively.

Working closely with the UK military and other donors in southern Iraq, the UK has provided support to: rehabilitate emergency infrastructure; improve power and water services; build institutional capacity of the four southern governorates; private sector development and the establishment of economic initiatives; advise local councils with technical specialists; and strengthen independent broadcasting.

In central Iraq, the UK has provided support to: the Iraqi government on economic reform issues; the Center of Government Programs to improve the functioning of government; the justice sector; the Civil Society Fund for the development of legitimate and representative Iraqi NGOs; and the Political Participation Fund to encourage poor and marginalized sections of Iraqi society to engage in the constitutional process.

Major UK contributions include:

- Electricity: Repaired transmission lines from Hartha Power station to Basrah city, securing electricity supplies for 1.5 million residents; improved power distribution to 13 areas of Basrah. By summer 2007, UK support will add or secure power equivalent to a 24-hour supply for one million people in Iraq.
- Water and Sanitation: Replaced 200 km of water mains, repaired over 5,000 leaks, cleared out 7,000 septic tanks and more than 40 kms of drains across the four southern governorates, constructed a water training center in Basrah to increase the skills of Iraqi engineers in water treatment and leakage repair, and improved water supply to 60,000 people in Al Amtahiyah. Current activities include refurbishing a reverse osmosis unit and pump station and building water towers and reservoirs to directly benefit up to one million people in Basrah.
- Capacity Building: Supported new Provisional Reconstruction Development Committees, which produced Iraq-led draft Provincial Development Strategies (including resource statements) to bid for funding from the central government. Trained more than 10,000 Iraqi police officers and 680 prison officers from Basrah. Trained more than 50 governorate officials through study tours to

England, Northern Ireland, and Egypt. Trained 217 Iraqi judges, 288 lawyers, and 71 prosecutors in human rights, international humanitarian law, and independence of the judiciary. Trained 182 journalists, editors, and media managers on humanitarian and independent reporting. New, independent TV and radio programs in southern Iraq went on air during the summer of 2005.

- Economic: Assisted the Iraqi government in drawing up its annual budget, reaching agreement with the IMF on its Emergency Post-Conflict Agreement and subsequent Standby Arrangement, negotiating the Paris Club debt reduction deal, and drafting the first National Development Strategy. More than 3,000 women and young people in southern Iraq were trained in business and enterprise skills. Set up local Basrah business journal and the Basrah Information Center. Currently helping to establish a series of economic initiatives including the Basrah Investment Promotion Agency, which is designed to assist the Iraqi government in identifying investment opportunities, provide advice to business and government, and stimulate private sector development; and the Basrah Development Fund, which will provide investment and credit for small and medium sized enterprises.
- Regional Economic Initiatives: The Basrah Development Commission was launched in December 2007 and will involve top UK, Iraqi, and Middle Eastern businesspeople to provide private sector expertise, experience, and impetus to drive forward the other initiatives for Basrah. The Commission will also lead in the development of an economic master plan for Basrah province.
- Support to the Political Process: Helped to promote the political process through support for the electoral commission (\$10 million plus advisors on security and public information), civil society organizations (\$8.7 million), and public participation in the elections (\$12.6 million). Helped to set up the Prime Minister's office and the Cabinet and Committee system. Helped achieve continuity in the transition to the new elected administration.

Further information on the DFID program in Iraq, is available at <http://www.dfid.gov.uk/countries/asia/iraq.asp>.

Canada

Canada has pledged \$230 million for Iraq's economic reconstruction and humanitarian relief, including \$187 million pledged at Madrid in 2003 and an additional \$42 million in urgent humanitarian assistance disbursed through multilateral relief agencies in response to the UN Humanitarian Appeal. (Canada's pledges were denominated in Canadian dollars and converted for this report at the rates prevailing when the pledges were made.)

Canada has played a leading role in helping to organize and coordinate international donor assistance for Iraq, holding the chairmanship of the IRFFI Donors' Committee for the two years (2005 to 2007).

Canadian disbursements and allocations of assistance to Iraq exceed the amounts Canada pledged at and after Madrid. From March 2004 through November 2007, Canada deposited \$90.45 million into the IRFFI Iraq Trust Funds operated by the World Bank and Madrid conference. Canada has also allocated approximately \$100 million to non-IRFFI assistance, including about \$50 million to UNHCR, ICRC, WFP, and UNMAS and other assistance delivered bilaterally through CARE-Canada to improve basic services in water and sanitation, basic health and education, and child protection. Another \$40 million was given to UNICEF to support the recovery of Iraq's social sector. An additional \$5.5 million was provided in 2007 for further humanitarian assistance.

The Canadian International Development Agency (CIDA) has supported projects having a total value exceeding \$50 million. It allocated about \$7 million to assist in the restoration and management of the ecological health of the Mesopotamian marshes. To support capacity building project in the Office of the Prime Minister and Council of Ministers Secretariat, CIDA transferred about \$7 million to the UK Department for International Development. In the area of governance, human rights, and civil society capacity building, Canada supported a number of projects including: \$4 million for the Rapid Civilian Deployment Mechanism for capacity-building; about \$8.5 million for a civil society capacity building fund, including media and human rights training; \$4.2 million to the Middle East Good Governance Fund; \$1.7 million for human rights and diversity management training; about \$1.7 million for support to the constitutional process and federal systems; \$600,000 to the UNDP for research on governance questions; and a small fund for building a culture of human rights in Iraq and the Middle East. Canada also supported elections with \$2.4 million allocated to the International Mission for Iraq Elections. In the security sector, Canada allocated about \$8 million over two years for deployment of Canadian police instructors to assist in the training of Iraqi police at the Jordan International Police Training Center as well as funding to deploy senior police advisors to the Ministry of Interior. Total Canadian assistance to the security sector exceeds \$15 million. Canada is also providing \$700,000 for diplomatic training program for Iraqi Foreign Service officers held at Carleton University in Ottawa.

Canada plans to focus the remainder of its assistance on good governance and the promotion of human rights, including women's rights.

More details on Canadian assistance to Iraq are available at www.acdi-cida.gc.ca/iraq.

The European Commission

The objective of the European Union's policy towards Iraq is to contribute to a safe, stable, unified, prosperous, and democratic Iraq that upholds human rights and protects its minorities. To contribute towards this objective, the EC is fully engaged in the reconstruction of Iraq.

Between 2003 and 2007, the European Commission (EC) provided €818.4 million (approximately \$1.178 billion at the mid-December 2007 exchange rate) to assist Iraq, focusing mainly on the rehabilitation of basic services and support of the political process, including elections, support of job creation, Iraqi capacity building, and support

to the rule of law. This included €639 million (about \$920 million) to the International Reconstruction Fund Facility for Iraq (IRFFI) and €117.8 million (\$155 million) for humanitarian assistance. Around 85 humanitarian aid projects were implemented through NGOs and international organizations during this period

The Commission is by far the largest single donor of IRFFI funds, having contributed 40 percent of the total deposits received so far. Adding up all the donations coming from EU countries, European support to the IRFFI now accounts for as much as 59 percent of all donor deposits.

In its June 2006 communication entitled “Recommendations for renewed European Union engagement with Iraq,” the European Commission put forward its key objectives for: endorsing and supporting democratic government; security; rule of law; human rights; improving delivery of basic services; paving the way for Iraq’s economic recovery; and developing an effective and transparent administrative framework.

The European Commission supports the International Compact with Iraq. At the ICI’s launch in May 2007, the EC noted that, from 2003 to 2006, EU member states contributed to Iraq financial assistance a total of €14.2 billion (\$20.4 billion at the December 2007 exchange rate), including grants, debt relief, and loans.

The EC and Iraq have held three rounds of negotiations for a Trade and Cooperation Agreement that aims to facilitate Iraq’s engagement with the international community, contribute to ongoing institutional and socio-economic reforms, promote bilateral trade in accordance with WTO principles, and ensure predictability, transparency, and legal certainty for businesses and investors.

The EC delegation has been represented in Baghdad at the ambassadorial level since mid-2006. The delegation facilitates the deepening of EU-Iraq relations, such as engaging in political dialogue, coordination of Commission activities, and engaging with international partners on the ground.

All EC financial resources allocated so far have been committed to projects. Key EC contributions include:

Basic Services

- Education: The total EC contribution allocated to education from 2003 to 2007 is €153.2 million (\$220 million), all funded through the IRFFI, with € 108.7 million (\$156.5 million) channeled through the UNDG ITF and € 44.5 million (\$64.1 million) channeled through the World Bank ITF. Accomplishments include the rehabilitation of 500 schools, distribution of 82 million textbooks to six million pupils, establishment of new educational software, and training of trainers.
- Health: The total EC contribution from 2003 to 2007 was €104 million (\$150 million), all funded through the IRFFI. Key accomplishments include: boosting immunization services (including eight vaccination rounds for five million children under age five against childhood diseases); training more than 2,000

health personnel in health and human rights areas; providing health equipment (ambulances, safety kits, oxygen cylinders, information equipment, and 19 mobile clinics); and rehabilitating key health facilities (including 202 primary health care facilities, ten hospitals, 19 training centers for continuing education, 17 mental health care facilities, 21 maternity wards, and the national drug quality control laboratory).

- **Infrastructure, Water, and Sanitation:** The total EC contribution from 2003 to 2007 was € 67.3 million (\$97 million), all funded through the IRFFI. Key accomplishments include: an additional 3.4 million people have access to safe drinking water; development of a National Housing Policy and Strategy.

Human Development: including support to Agriculture, Poverty Reduction, Land Mine Action, and Durable Solution for Internally Displaced People (IDPs).

- The total EC contribution from 2003 to 2007 allocated to Human Development amounted to €169.2 million (\$243 million), of which €133.5 million (\$192.2 million) was channeled through IRFFI and €35.7 million (\$51 million) was directed to help Iraqi refugees in Syria and Jordan. Key accomplishments include: rehabilitation of houses for more than 1,000 IDP families; vocational training for more than 6,400 internally displaced persons (70 percent women); more than 1,300 hectares of arable land cleared of 28,000 mines; creation and training of a 600-strong epidemic surveillance network; and creation of the Marshland Information Network.

Political Process: The EC contribution from 2003 to 2007 totaled €135.9 million (\$195.7 million), with €3.8 million (\$5.5 million) provided through the International Organization for Migrations (IOM) and the rest through the UN. The Commission has been a major supporter of the UN's work in this area. Key accomplishments include:

- **January 2005 Elections:** The EC supported many aspects of the January 2005 elections, ranging from information technology to voter outreach and media development, including training programs for journalists. Three experts were deployed to Baghdad to support the work of the UN Election Assistance Division. The EC also ran a training program for 170 Iraqi election observers.
- **October 2005 Referendum:** The European Commission funded all of the UN's work in preparing the constitutional referendum of October 2005, ensuring that Iraqi voters were able to make informed choices. Voter outreach activities included hundreds of thousands of posters and pamphlets, public information films on TV and radio, and newspaper ads. The EC supported the translation of the constitution into four languages and made millions of copies available.
- **December 2005 Elections:** The EC supported the electoral commission's preparatory activities and the deployment of four EU experts to assist in the international monitoring of the December 2005 elections.

Capacity Building: This assistance includes support in the areas of civil society, human rights, technical assistance, justice, and the rule of law.

- The total EC contribution to capacity building from 2003 to 2007 amounted to €68.6 million (\$98.8 million), of which €38.5 million (\$55.4 million) was channeled through the IRFFI and €30.1 million (\$43.4 million) went to various bilateral projects. Key accomplishments include the training of 500 media professionals and government officials in press freedom and support to the creation of independent news agency Aswat Al-Iraq.

For refugees who have fled to countries including Syria, Jordan, and Lebanon, the Commission provided funding for €10 million (\$14.4 million) in humanitarian assistance during 2007. This aid consists of basic health care and education as well as targeted distributions of food aid and essential household items. Social protection activities are also envisaged, including support for the UNHCR registration system. This is important to identify the most vulnerable groups and assess specific needs. Funds totaling €7.8 million (\$11.2 million) were provided to assist internally displaced persons (IDPs) within Iraq.

The Commission recently allocated an additional €92.7 million (\$133.5 million) to the reconstruction of Iraq. This contribution includes €20 million (\$28.8 million) in support of the electoral process through the UNDG ITF, €20 million (\$28.8 million) million in support of public finance management reform through the World Bank ITF, and €14 million (\$20.1 million) in support of the rule of law and the justice system. Finally, €38.7 million (\$55.7 million) were allocated in support of Iraqi refugees in Jordan and Syria, including efforts to help integrate Iraqi students in Jordan and Syria and to strengthen the education sector and public health system in areas where there are large concentrations of Iraqi refugees.

The Support to Rule of Law project will be implemented by UNDP, UNOPS, and other partner organizations. This project aims at improving the basis and the functioning of the Rule of Law sector and build upon the work already implemented by the EU JUSTLEX mission (see below). Emphasis will be given to the implementation of the Rule of Law strategy being developed by the different country institutions involved. In addition, support will be provided to several public and private institutions (including the Higher Judicial Council, Iraqi Bar Association, and Judicial Training Institute) and to the development of civil society in the field of human rights. Support will be given to the electoral process through the UNDG ITF in anticipation of the electoral events expected to take place in the near future, including local elections, a constitutional referendum, and a referendum on the status of Kirkuk. Through the World Bank, support will be provided to the public finance sector through a series of new projects: support to public finance management at the national and sub-national levels; public banking restructuring; and support to the reform of the public procurement system.

Separately, since 2005, the EU's JUSTLEX mission has been supporting the urgent needs of the Iraqi criminal justice system by providing training and professional development opportunities to senior Iraqi judiciary, police, and penitentiary officials. In the first phase of the mission, two types of integrated courses were delivered by ten EU Member States: Senior Management and Management of Investigations Course. From June 2006, the

mission developed nine new specialist courses to continue meeting the specific needs of the Iraqi criminal justice system while maintaining a focus on human rights issues. Up to the end of June 2007, a total of 44 courses and two work-experience secondments were held for a total of 1,140 participants, including the first specialist courses for police, judiciary, and penitentiary staff. In collaboration with the Member States, the Mission hopes to deliver more of these professional development opportunities.

Additional information about EU assistance to Iraq can be found at:
http://europa.eu/external_relations/iraq/intro/index.htm

United Nations

As of November 30, 2007, donors had committed \$1.299 billion and deposited \$1.274 billion to the UN Development Group Iraq Trust Fund (UNDG-ITF) of the International Reconstruction Fund Facility for Iraq (IRFFI). The four largest contributors to the UNDG-ITF are the European Commission (\$530 million), Japan (\$361 million), Spain (\$93 million), and the United Kingdom (\$56 million). New donor commitments to the UNDG-ITF during 2007 totaled \$171 million.

As stated in the revised IRFFI terms of reference that were adopted by the IRFFI Donors Committee in Bari, Italy, on October 29, the aims of the United Nations efforts are based in UN Security Council Resolutions, the most recent being UNSCR 1770. In line with this and earlier guiding resolutions, the UNDG-ITF provides technical assistance and capacity building across the following areas:

1. Capacity and institution building for human development and social justice;
2. The delivery of essential services, in the area of health in particular;
3. The empowerment of civil society and local communities;
4. The protection and reintegration of and delivery of assistance to vulnerable groups including internally displaced persons and returning refugees;
5. Water resources and food security;
6. Infrastructure rehabilitation;
7. The promotion of human rights and the rule of law; and
8. Private sector development and employment generation with due regard to cross-sectoral issues including gender equality and environmental protection and management.

As of the end of November 2007, the UN had developed 178 projects valued at \$1.079 billion, all of which had been approved for implementation by the Iraqi government. The UN agencies responsible for implementing the projects had committed \$716 million and disbursed \$612 million. Among these projects, the UN has provided school supplies, rehabilitated schools, provided vaccines, supported internally displaced persons (IDPs) and refugees, conducted capacity-building training programs for Iraqi officials, and assisted in the elections. The largest commitments were made by UNDP (for reconstruction and essential services), UNICEF (for children), UNOPS (for UN operations including some emergency humanitarian relief), UN HABITAT (for housing),

WHO (for health), and UNHCR (for refugees). UNHCR issued an appeal for funds early in 2007 to aid Iraq refugees both outside and inside Iraq and is working to strengthen its presence in Baghdad and in Iraq generally.

A full list of the UN's IRFFI projects is available at the www.irffi.org website.

World Bank

The Bank has scaled up its assistance to Iraq in accordance with the second Interim Strategy Note (ISN) discussed by the Bank's Executive Directors in September 2005. The overall objective of the second ISN is to help Iraq develop institutional frameworks, policies, and systems that allow for more transparent and effective use of Iraq's own financial resources. To accomplish this, the ISN provides the framework for continued resources from the World Bank Iraq Trust Fund, up to \$500 million in International Development Association (IDA) credits, and expanded analytical and advisory activities. It also provides for up to \$500 million in International Bank for Reconstruction and Development (IBRD) lending, assuming critical progress regarding creditworthiness. The Bank's program of support emphasizes Iraqi ownership.

As of November 2007, donors had pledged approximately \$467 million to the World Bank Trust Fund of the IRFFI, of which approximately \$465 million had been deposited. With these deposits, the World Bank Iraq Trust Fund finances the following 16 projects amounting to \$437 million:

Operation	Projected Costs
Emergency Textbooks	\$40 million
Emergency School Rehabilitation	\$60 million
Emergency Baghdad Water Supply and Sanitation	\$65 million
Emergency Water Supply, Sanitation, and Urban Reconstruction	\$110 million
Emergency Health Rehabilitation	\$25 million
Emergency Private Sector Development I	\$55 million
Capacity Building I	\$3.6 million
Capacity Building II	\$7 million
Emergency Community Infrastructure	\$20 million
Emergency Disabilities	\$19.5 million
Emergency Social Protection	\$8 million
Emergency Household Survey, Technical Assistance	\$1.5 million
Emergency Household Survey and Policies for Policy Reduction	\$5.1 million
Additional Grants for School Construction in the Marshlands	\$6 million
Environment Management Project	\$5 million
Emergency Electricity Rehabilitation	\$6 million

Two projects, the Emergency Textbooks Provision Project and Capacity Building I Project, are completed and closed. Of the 14 active projects, twelve, valued at \$385 million, are grants implemented directly by Iraqi governmental authorities, which helps ensure ownership and sustainability. The other two, amounting to \$8.5 million, are capacity building and technical assistance activities implemented by the World Bank.

Through these projects, the World Bank has financed more than 82 million textbooks, rehabilitated or constructed more than a hundred schools, trained hundreds of Iraqi officials, and rehabilitated dozens of rural irrigation or drainage schemes. The World Bank is also rehabilitating and upgrading hospitals, centers for the disabled, and systems for telecommunications, water, and power. The projects are introducing and training line ministry staff in new systems for procurement and financial management. World Bank Iraq Trust Fund projects also finance a comprehensive household survey, help formulate sustainable social protection policies, and begin laying the framework for environmental protection.

The Bank has also begun lending to Iraq for the first time in more than 25 years. The Bank has approved \$399 million in concessional lending from IDA: the \$100 million Third Emergency Education Project approved in November 2005; the \$135 million Emergency Road Rehabilitation Project approved in June 2006; the \$40 million Dokan and Derbandihkan Emergency Hydropower Project approved in December 2006; and the \$124 million Emergency Electricity Reconstruction Project approved in March 2007. Iraq's Council of Representatives ratified the four IDA loans in late July 2007, and three of these were declared effective in October 2007. The Emergency Electricity Reconstruction Project is expected to become effective in December 2007.

The World Bank places a major emphasis on policy advice and economic sector work, given the importance of assisting Iraq in using its own resources more transparently and effectively. The Bank's overarching objective is to help Iraq develop sustainable institutions and systems for the efficient, inclusive, transparent, and accountable use of its own resources and international aid. The Bank will continue to emphasize the need for improvements in public finance management (PFM) to build confidence that Iraq can use its resources effectively, and help Iraq access international capital markets and attract foreign investment. The World Bank has prepared policy papers for the Iraqi government on a wide range of topics, responding to urgent Iraqi government requests for policy advice. In July 2006 the World Bank provided the Iraqi government with a briefing book on core reforms, prepared in close cooperation with Iraqi authorities. The briefing book gives priority to strengthening governance and institutions, modernizing social safety nets, and accelerating economic reforms to provide a platform for the development of the Compact's socio-economic pillar.

The World Bank has provided technical support to the Government of Iraq in the formulation of the ICI and continues to support ICI implementation. The World Bank is undertaking a Public Expenditure and Institutional Assessment (PEIA) with the participation of the Iraqi government and key donors. The assessment will provide an

analytical foundation for Iraqi-led public finance management reform, outline the steps for strengthening the transparency and accountability of Iraq's public finance policies and institutions, and help Iraq meet the goals set in the Compact. As part of this assessment, since July 2007, the World Bank has organized and financed a series of ten workshops in Baghdad to document the status of Iraq's PFM system. Related analytical work is also well advanced. The World Bank recently completed a review of sub-national PFM, following a series of workshops with the Kurdistan Regional Government and the 15 other governorates. The Bank also provides related technical assistance, policy advice, and capacity building in anticorruption, procurement reform, audit and accountability, and legal and judicial reform. The World Bank and the European Commission signed an agreement in December for additional contribution to the Iraq Trust Fund (ITF) for €20 million (\$28.8 million) to support Public Finance Management Reform.

To support and supervise project implementation, the World Bank engages a cadre of professional-level Iraqi staff who provide daily support to Iraqi government project management teams. In addition, about two dozen Iraqi staff employed by a fiduciary monitoring agent contracted by the Bank conduct site visits throughout the country and help monitor projects financed by the Trust Fund. To enhance the policy dialogue with the government and improve donor coordination, the World Bank appointed a country manager for Iraq, who is located in the Bank's Baghdad Office in the International Zone. To support the World Bank's increased emphasis on public sector reform, a Public Sector Specialist is also located in the Baghdad Office. The World Bank's Amman Office supports the Iraq country program by providing a venue for meetings and workshops that require intensive work of large teams over several days. The Amman Office also provides critical logistical support for travel, security and medical emergencies. More information is available at www.irffi.org.

IMF

At the Madrid Donors' Conference in October 2003, the IMF pledged to provide up to \$2.55 billion in financial facilities to Iraq if needed under Iraq's agreements with the IMF. On September 29, 2004, the IMF Board approved the first of such agreements, an Emergency Post-Conflict Assistance (EPCA) package that provided Iraq the equivalent (at the time) of \$430 million in special drawing rights for balance-of-payments support. Iraq drew upon this facility but left the funds on deposit with the IMF, repaying the loan in full on December 12, 2007. The main goals under the EPCA were to maintain macroeconomic stability and lay the groundwork for a long-term development and reform program. On December 23, 2005, the IMF approved a Stand-by Arrangement (SBA) for Iraq that provides special drawing rights equivalent to approximately \$685 million in balance-of-payments support. As a result of satisfactory performance implementing reforms required under the previous SBA, the IMF Executive Board approved a new SBA for Iraq on December 19, 2007. The SBA provides a comprehensive framework of policies for economic reform and growth. In view of its healthy balance of payments and foreign exchange reserves position, Iraq has not drawn on any of the balance of payments support available under its Stand-By Arrangements.

The IMF also provides technical assistance to Iraq, including training in such policy areas as public expenditure management, fiscal federalism, tax policy, tax and customs administration, monetary operations, banking supervision, payments system reform, and statistics. Some of this training has been done jointly with the World Bank, and the IMF has helped coordinate macroeconomic training with other major providers including the World Bank, the United States, and the United Kingdom.

For Iraq to receive the full benefit of its debt reduction agreement with the Paris Club, it must successfully perform under its SBAs through December 2008, when it stands to obtain the final 20 percent of debt reduction that amounts to 80 percent of debt held by nearly all Paris Club members.

Useful Web-Based References for International Donor Assistance to Iraq:

- The International Compact with Iraq:
<http://www.iraqcompact.org/> and
<http://www.uniraq.org/ici.asp>
- The Donor Assistance Database (still under development):
<http://www.mop-iraq.org/dad>
- The UNDG Iraq Trust Fund and the World Bank Iraq Trust Fund Newsletters, updated every two to three months and both accessible at: <http://www.irffi.org>
- Japanese assistance to Iraq:
http://www.mofa.go.jp/region/middle_e/iraq/issue2003/assistance/index.html
- United Kingdom assistance to Iraq:
<http://www.dfid.gov.uk/countries/asia/iraq.asp>
- European assistance to Iraq:
http://europa.eu/external_relations/iraq/intro/index.htm